

## ABAG FINANCE AND PERSONNEL COMMITTEE

Thursday, March 19, 2009, 5:00 p.m.  
 ABAG Conference Room B  
 MetroCenter—8<sup>th</sup> and Oak Streets  
 Oakland, CA

<u>Est. Time in Minutes</u>		<u>Recommendation**</u>
2	1. <b>Public Comments</b>	Information
5	2. <b>Election of Officers</b> <i>Following ABAG's Committee Rules and Procedures, the Committee will elect a Chair and Vice Chair.</i>	Action
2	*3. <b>Minutes of the January 15, 2009 Meeting</b>	Action
5	*4. <b>Financial Reports – ABAG</b> <i>The January 2009 report is enclosed with the agenda packet. The February 2009 report will be sent under separate cover.</i>	Information
5	*5. <b>Authorization to Increase Line of Credit with Collateralization</b> <i>Staff will present a recommendation to take necessary steps to collateralize an increase in ABAG's line of credit to \$2 million.</i>	Action
5	*6. <b>Contract with Independent Auditor—Maze &amp; Associates</b> <i>Following review of five proposals, staff will recommend the award of a new contract with Maze &amp; Associates.</i>	Action
3	*7. <b>ABAG Support to the Bay Area Council Economic Institute (BACEI)</b> <i>As described in the attached staff memo, Executive Board's approval is requested for financial support to BACEI for FY 2009-2010.</i>	Action
5	*8. <b>Bylaw Amendment re Scheduling of the Annual Meeting of the General Assembly</b> <i>Committee will consider a recommendation to the Executive Board to amend the Bylaws to provide greater flexibility in setting the date.</i>	Action
5	*9. <b>Authorization to Purchase Computer Hardware and Contract for Software and Consultant Services to Implement PECAS Land Use Modeling System</b> <i>Committee will consider referral to Executive Board Consent Calendar authorization to purchase computer equipment and contract for consultative services.</i>	Action



## **ABAG FINANCE AND PERSONNEL COMMITTEE**

### **Summary Minutes**

**January 15, 2009**

#### Members Present

Supervisor Scott Haggerty, Chair  
Vice Mayor David Cortese  
Supervisor Rose Jacobs Gibson  
Supervisor John Gioia  
Mayor Mark Green  
Supervisor Mike Kerns  
Supervisor Barbara Kondylis

#### Jurisdiction

County of Alameda  
City of San Jose  
County of San Mateo  
County of Contra Costa  
City of Union City  
County of Sonoma  
County of Solano

#### Members Absent

Supervisor Peter McHugh                      County of Santa Clara

#### Officers and Staff Present

Henry Gardner, Executive Director  
Patricia Jones, Assistant Executive Director  
Ezra Rapport, Deputy Executive Director  
Herbert Pike, Finance Director  
Atti Williams, Senior Systems Administrator

#### Guests:

Austis Rungis, IEDA  
Mark Luce, Napa County Supervisor

The meeting was called to order at 5:00 p.m.

- 1) There were no public comments.
- 2) The election of new officers was put over to the next meeting to be held on March 19, 2009.  
/M/Jacobs Gibson/S/Kondylis/C/ to table to next meeting.
- 3) Minutes of the November 20, 2008 meeting were approved as presented.  
/M/Green/S/Cortese/C/to approve.
- 4) Atti Williams provided an information report on what actions had been taken or are pending to address the concerns expressed by the Auditor regarding the implementation of "Information Technology Best Practices. " The highest priority items have been addressed and secondary items should be addressed with computer updates scheduled for

**AGENDA ITEM 3**

implementation over the next one- to two-months. A new review (audit) of information technology vulnerabilities is anticipated in March or April.

/M/Green/S/Gioia/C/ to accept report.

- 5) Pike summarized the November 2008 financial reports for ABAG.  
/M/Jacobs Gibson/S/Kerns/C/ to approve.
- 6) Gardner presented the Proposed Work Program, Budget and Membership Dues for FY 2009-10.  
/M/Green/S/Cortese/C/ to affirm the previous decision with respect to tying the annual membership dues increases to the increase in Bay Area CPI.  
/M/Goia/S/Kondylis/C/ to specifically identify water issues in the work program.  
/M/Green/S/Cortese/C/ to forward balanced budget and revised work plan and revised membership dues to Executive Board.
- 7) Closed Session was held with Agency designated representatives Patricia Jones and Austris Rungis (IEDA) regarding negotiations with ABAG's employee union—SEIU 1021.  
Chair to report to the Executive Committee that the Committee was apprised as to the on-going status of negotiations by the agency's representatives.
- 8) Meeting was adjourned at 5:56 p.m.

TO: Finance and Personnel Committee

DT: February 26, 2009

FM: Herbert Pike, Finance Director

Re: Financial Reports  
--January 2009

The following are highlights of the financial reports for January 2009.

Cash on Hand (Figure 1)

Cash on hand increased to about \$1.24 million on January 31 from \$1.09 million on December 31. The January balance includes approximately \$0.62 million invested in the Local Agency Investment Fund (LAIF). Currently, ABAG does not hold any other investments. Much of the increase in cash from the prior month is attributed to the decrease in receivables noted below. The January 31 cash balance is approximately \$59 thousand more than the prior year. While higher compared to a year ago, the current cash balance includes approximately \$300 thousand designated to cover the Annual Required Contribution (ARC) to amortize the Agency's unfunded liability for Other Post Employment Benefits (retiree health care) over the next 30 years.

Receivables (Figure 2)

Receivables from grant and service programs amounted to about \$3.43 million on January 31, compared to \$3.72 million a month prior. Compared to January 31 the year prior, the total reflects an increase of approximately \$1.0 million. It is feared that the continued reduction in State staffing and requested furloughs may slow reimbursements in the succeeding months. Also, some projects to be supported by State bond sales are still awaiting reimbursement because of the State's cash flow and budget impasse has delayed bond issuance. It is projected to be at least another 2 months or more before the bonds are issued and payments are made. Staff will seek to accelerate collections from other Federal and local funding sources.

Actual vs. Budgeted Expenses (Figure 9)

Total expenses on January 31 amounted to about \$10.81 million, or 40.50%, of the approved budget of \$26.7 million for FY 08-09.

Actual vs. Budgeted Revenues (Figure 10)

At January 31, total revenues amounted to about \$10.63 million, or 39.81%, of the approved budget of \$26.7 million for FY 08-09.

As of January 31, both revenues and expenses are below budget for the first seven month of FY 08-09. These positions are largely due to the timing of consultant and sub-contractor expenses that are grant funded. These are typically multi-year programs and their budget balances at fiscal year-end (June 30, 2009) will be carried forward to the following year. However, several Estuary and Bay Trail projects have been suspended due to budget issues at the State. There is a concern that they may not be continued.

Fund Equity (Figure 5)

As of January 31, general fund equity was approximately \$0.93 million. The decline from \$0.97 million as of December 31 is attributed to two holidays in January. The agency's restricted fund equity, consisting of building bond interest, capital, self-insurance and building maintenance, remains unchanged at \$510 thousand.

#### Indirect Cost (Figure 6)

The agency's actual indirect cost (overhead) rate was 40.43% of direct labor cost as of January 31, or about 94% of the budgeted rate of 43.00% for FY 08-09. Overhead expenditures are expected to slightly escalate during the last five months of the fiscal year, bringing the actual closer to the budgeted rate of 43.0%.

#### Overall (Figures 3, 4, 7 & 8)

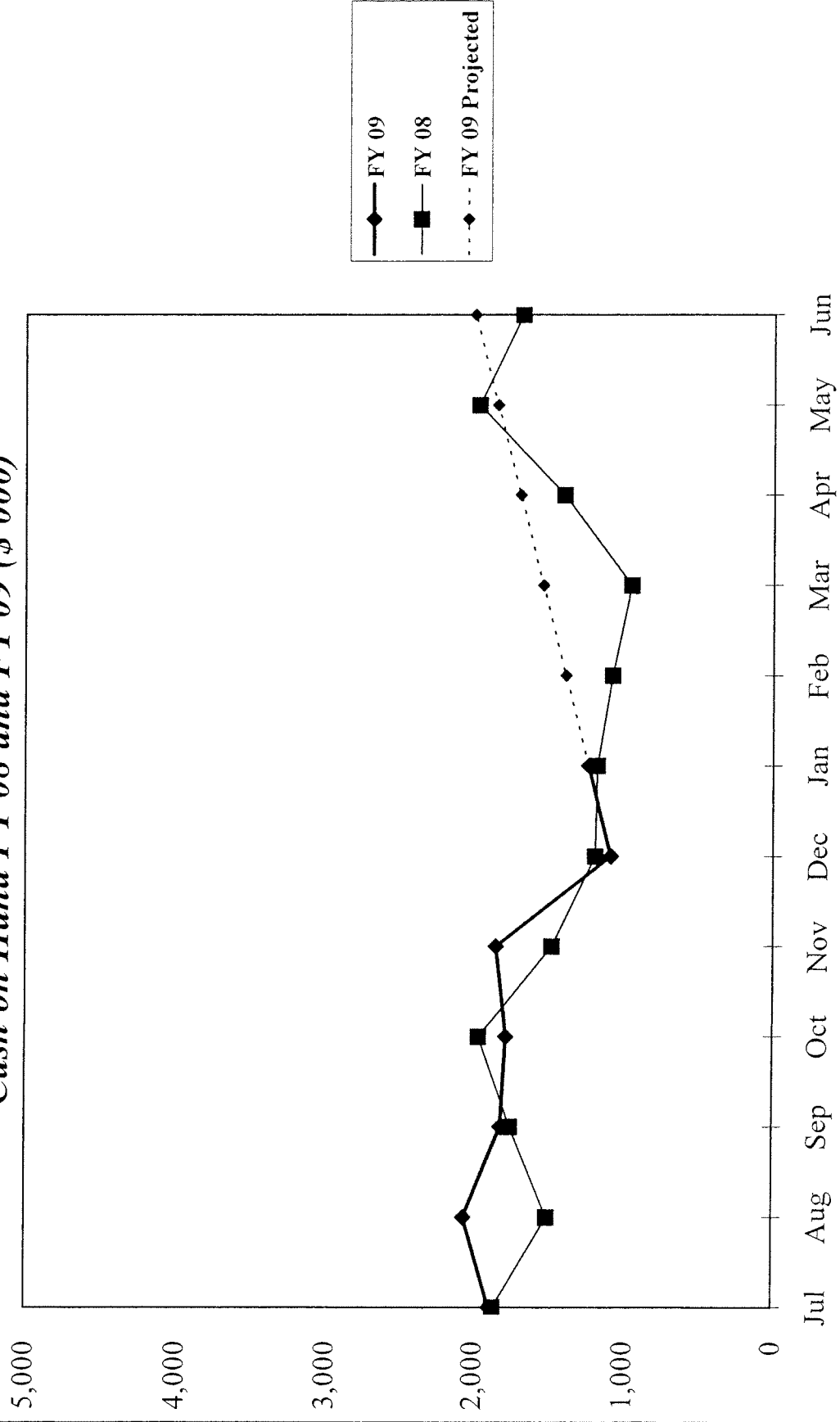
At January 31, the agency's finances are reasonably close to forecast with a modest deficit of roughly \$183 thousand, or 1.7% of the year-to-date revenues. It appears that this fiscal year is adequately funded if the State issues infrastructure bonds and removes the suspension of several awarded contracts. ABAG is being impacted by the State's cash flow problems and delays in reimbursements as seen in increased accounts receivable. Some projects funded through the State have been suspended until the certain State bonds are issued. At present, there appears to be sufficient funding to cover grant-funded staff affected by the suspended projects into April.

# ABAG FINANCIAL REPORTS

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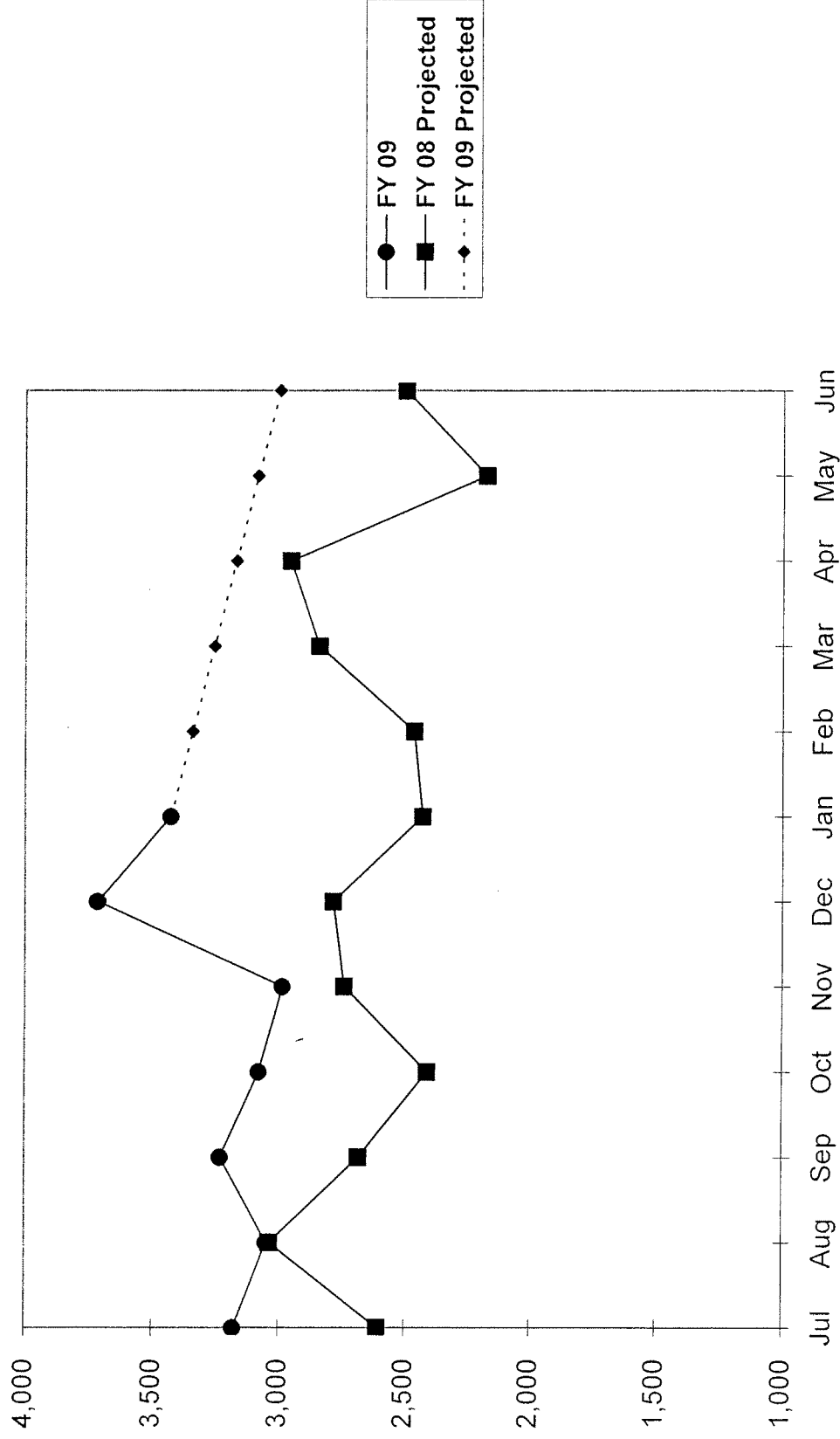
# **ABAG Financial Indices** *Cash on Hand FY 08 and FY 09 (\$'000)*





# ABAG Financial Indices

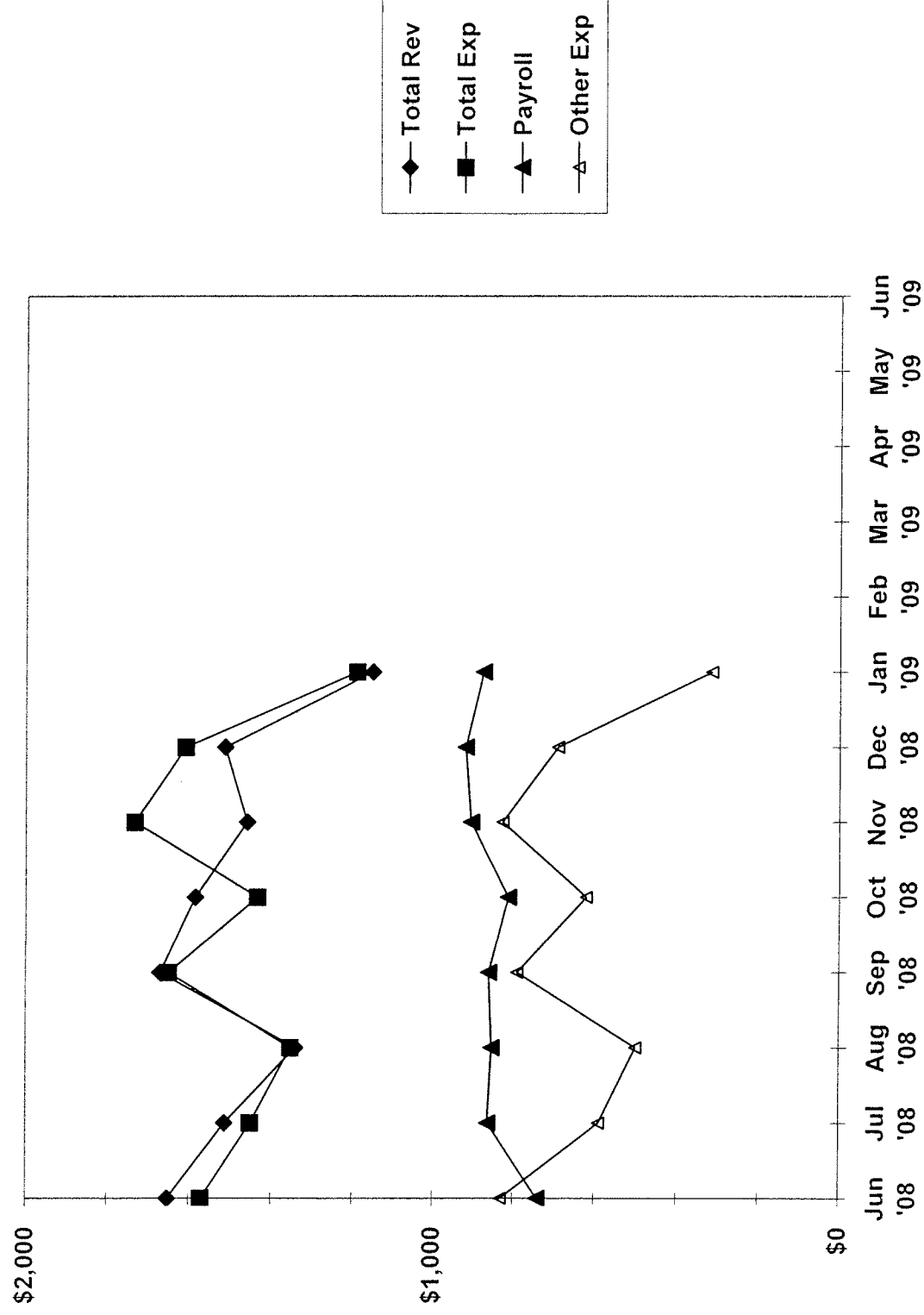
## Accounts Receivable FY 08 and FY09 (\$'000)



# ABAG Financial Indices

Current Month Revenues & Expenses

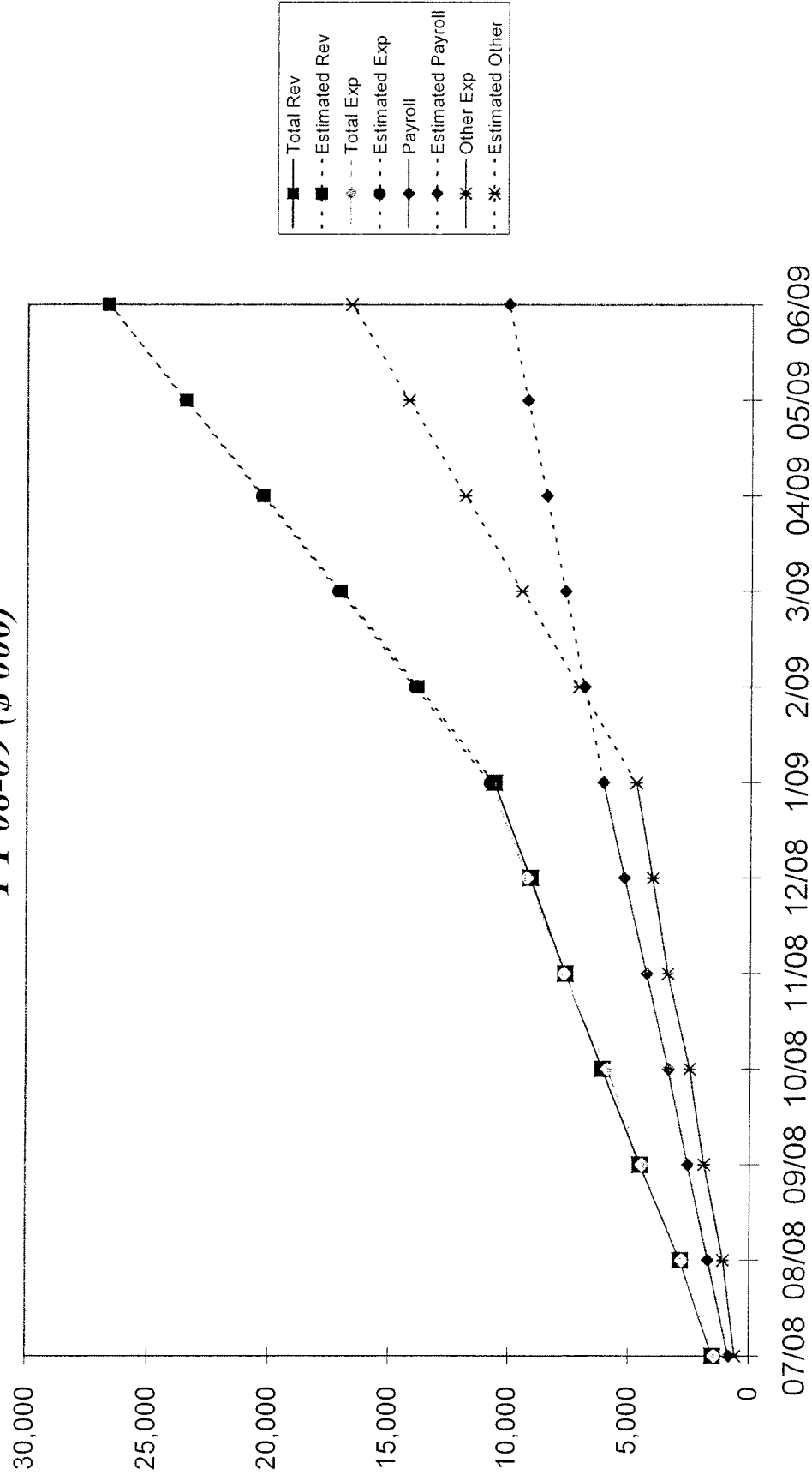
FY 08-09 (\$'000)



# ABAG Financial Indices

## Year-to-date Revenues & Expenses

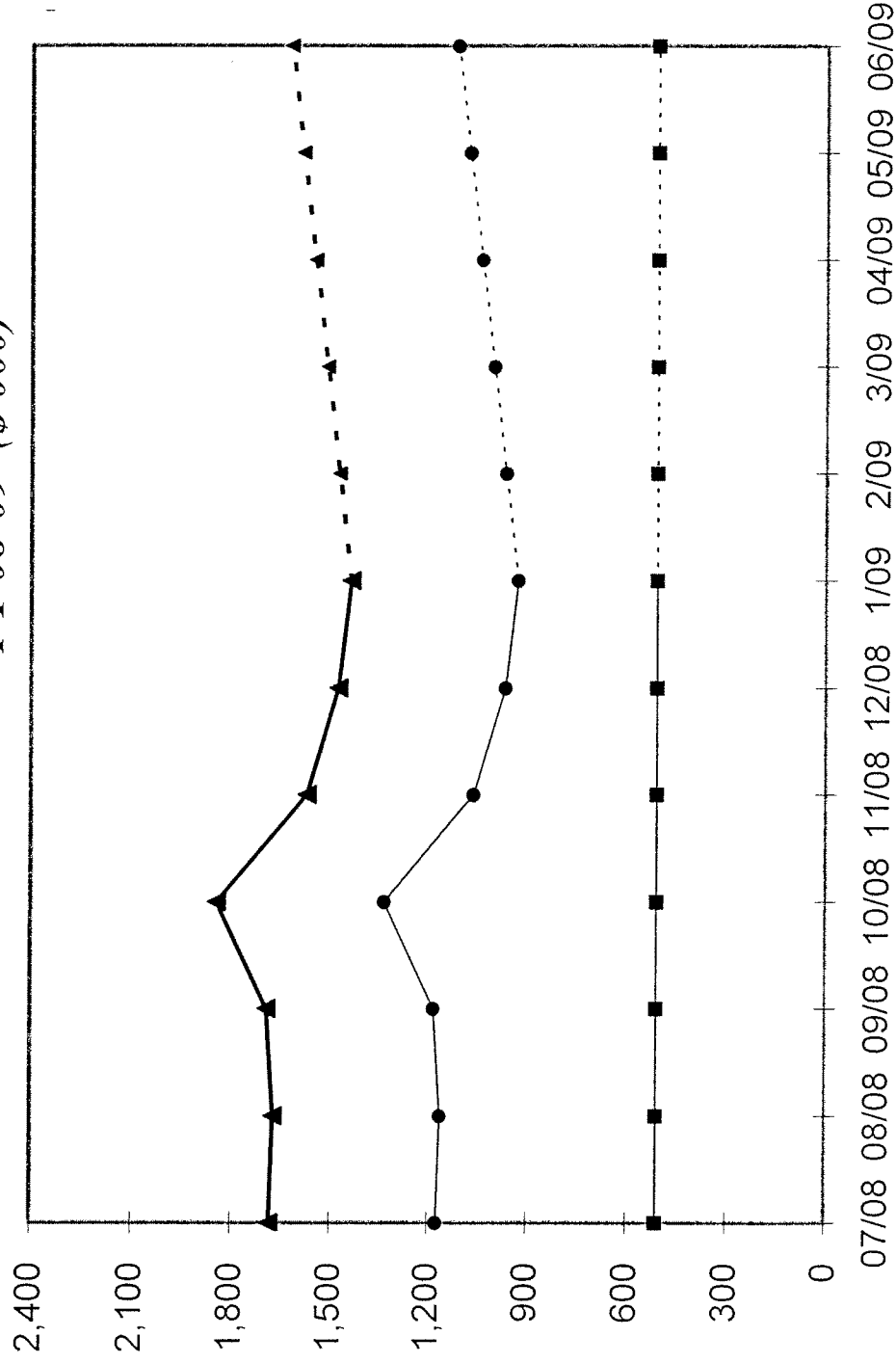
### FY 08-09 (\$'000)



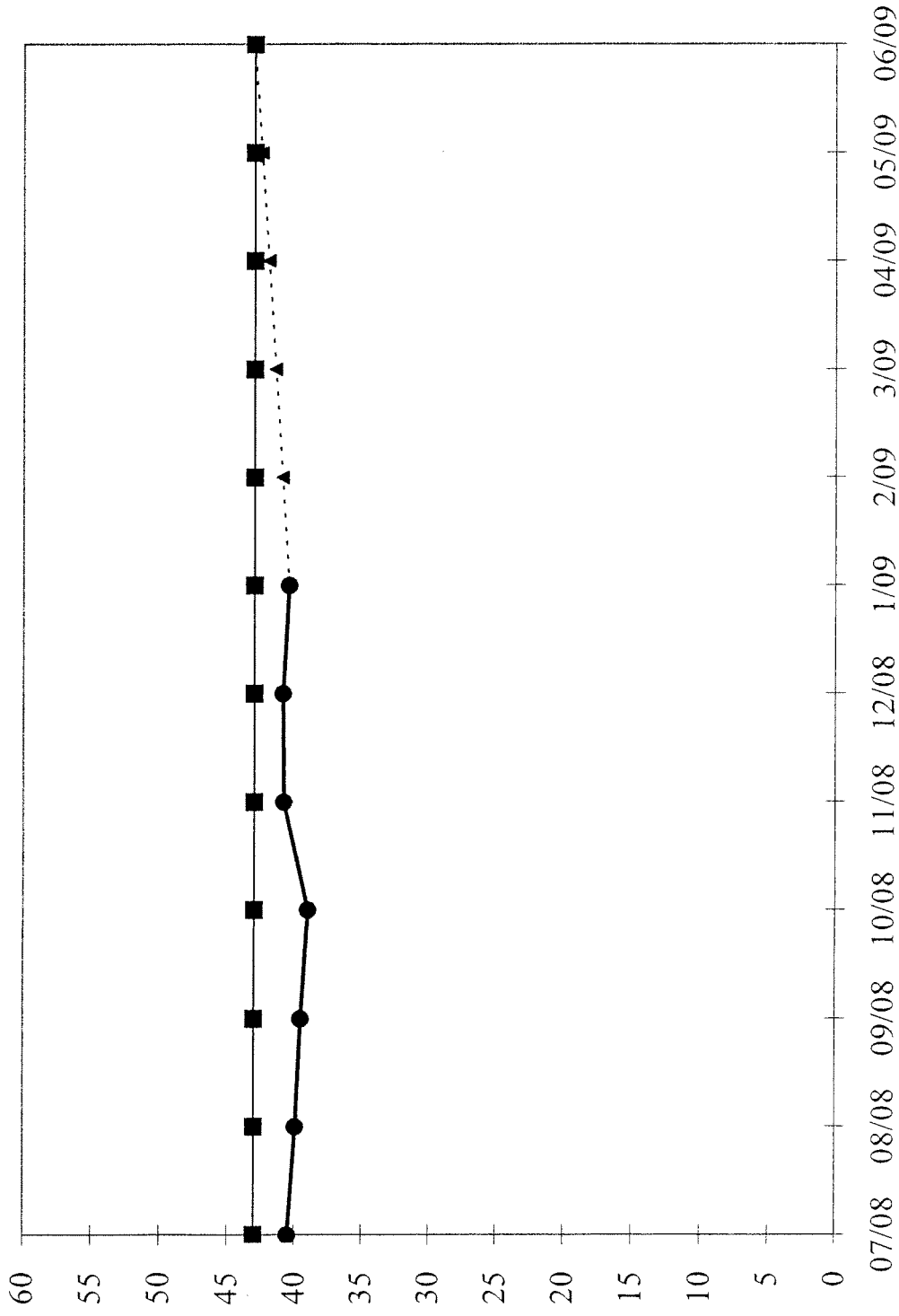
# ABAG Financial Indices

*Fund Equity*

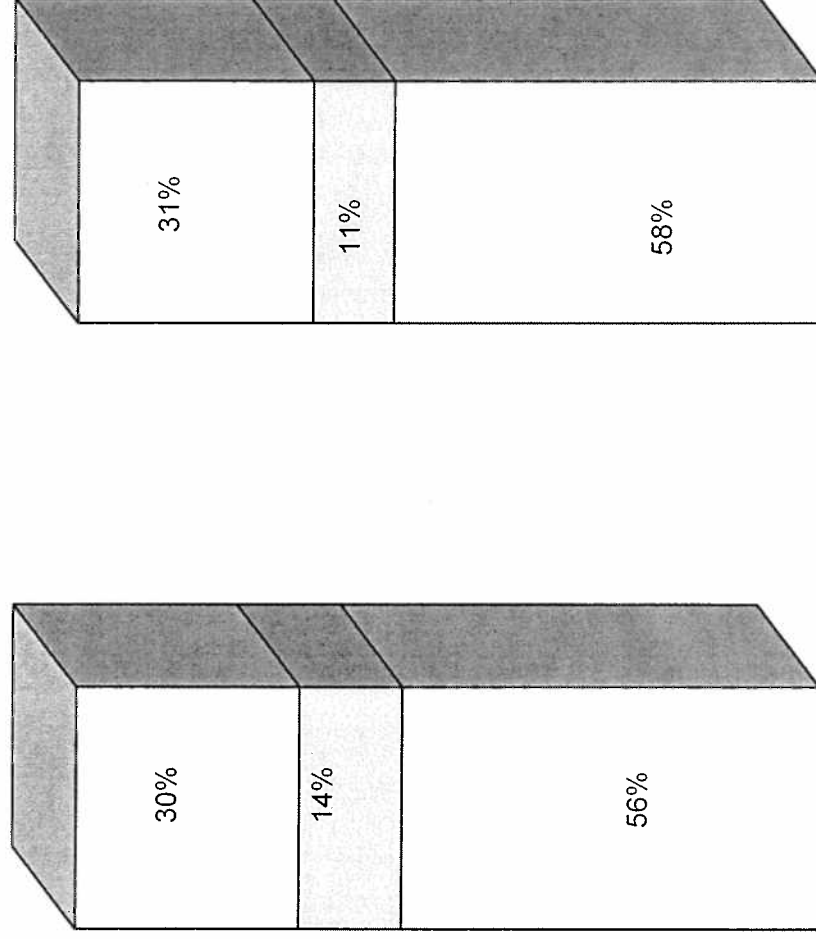
*FY 08-09 (\$'000)*



# **ABAG Financial Indices** *Indirect Cost Rate (% of Direct Labor Cost)* **FY 08-09**

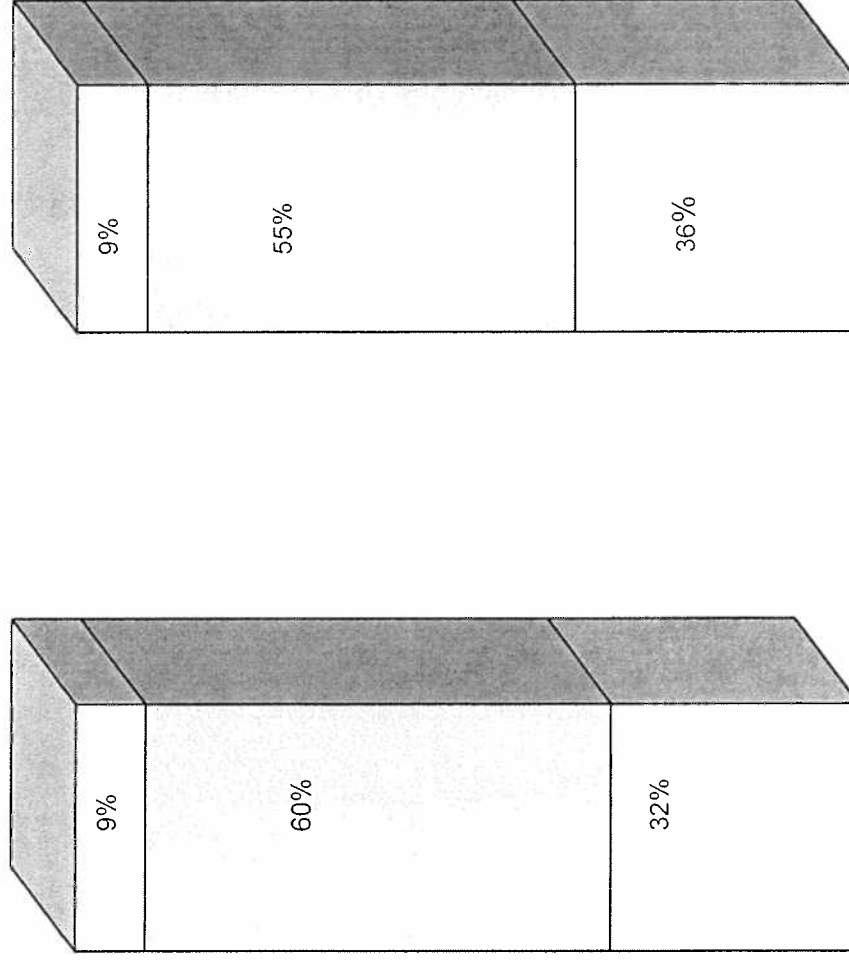


**ABAG Financial Indices**  
**Composition of Expenses FY 08 -- FY 09**  
**Year to Date**  
**(\$'000)**



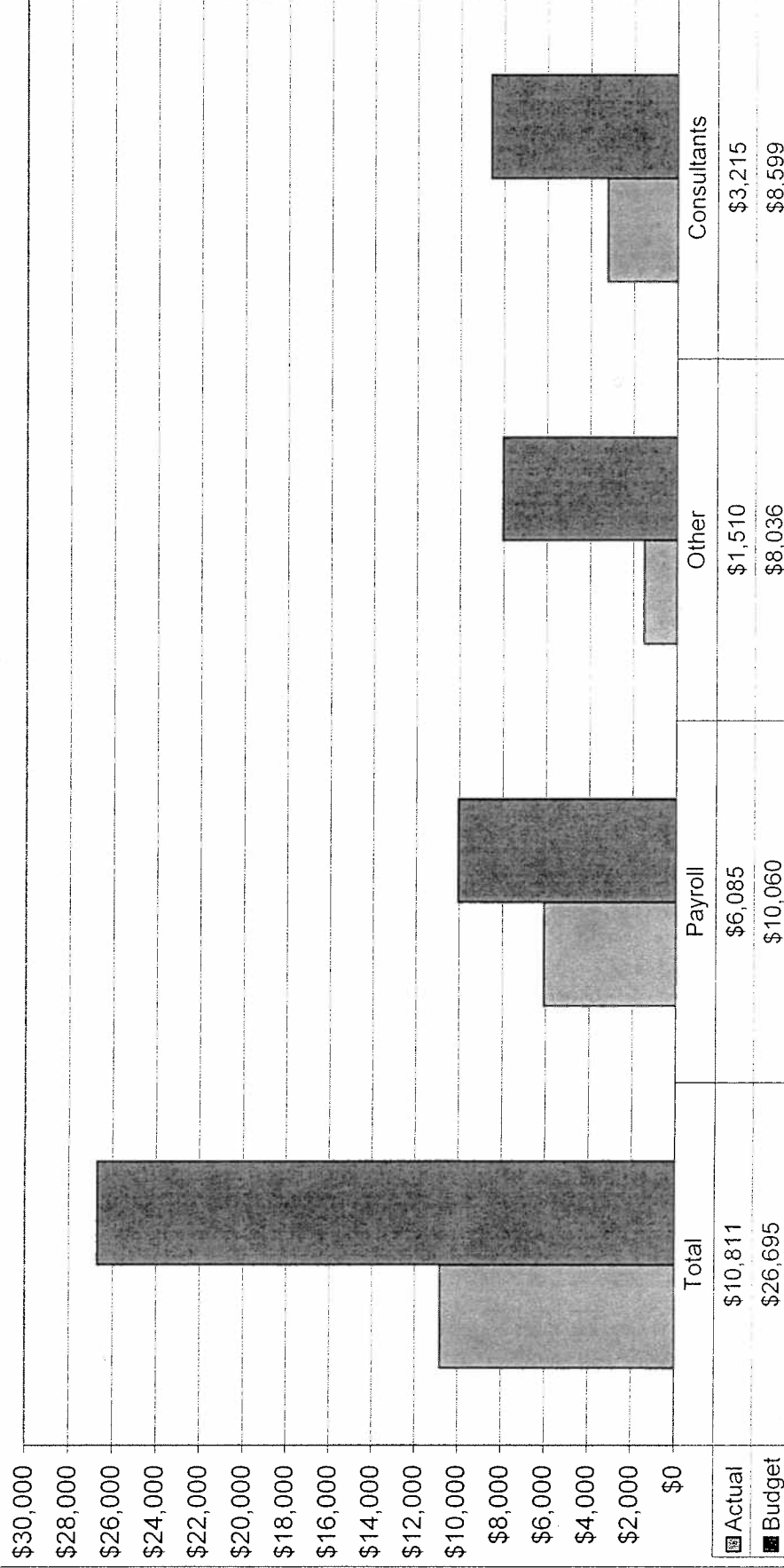
	FY08-09 Expenses (Total \$10,811)	FY07-08 Expenses (Total \$9,743)
<input type="checkbox"/> Consultants	\$3,215	\$3,052
<input type="checkbox"/> Others	\$1,510	\$1,071
<input type="checkbox"/> Payroll	\$6,085	\$5,620

**ABAG Financial Indices**  
**Composition of Revenues FY 08-- FY 09**  
**Year to Date**  
**(\$'000)**



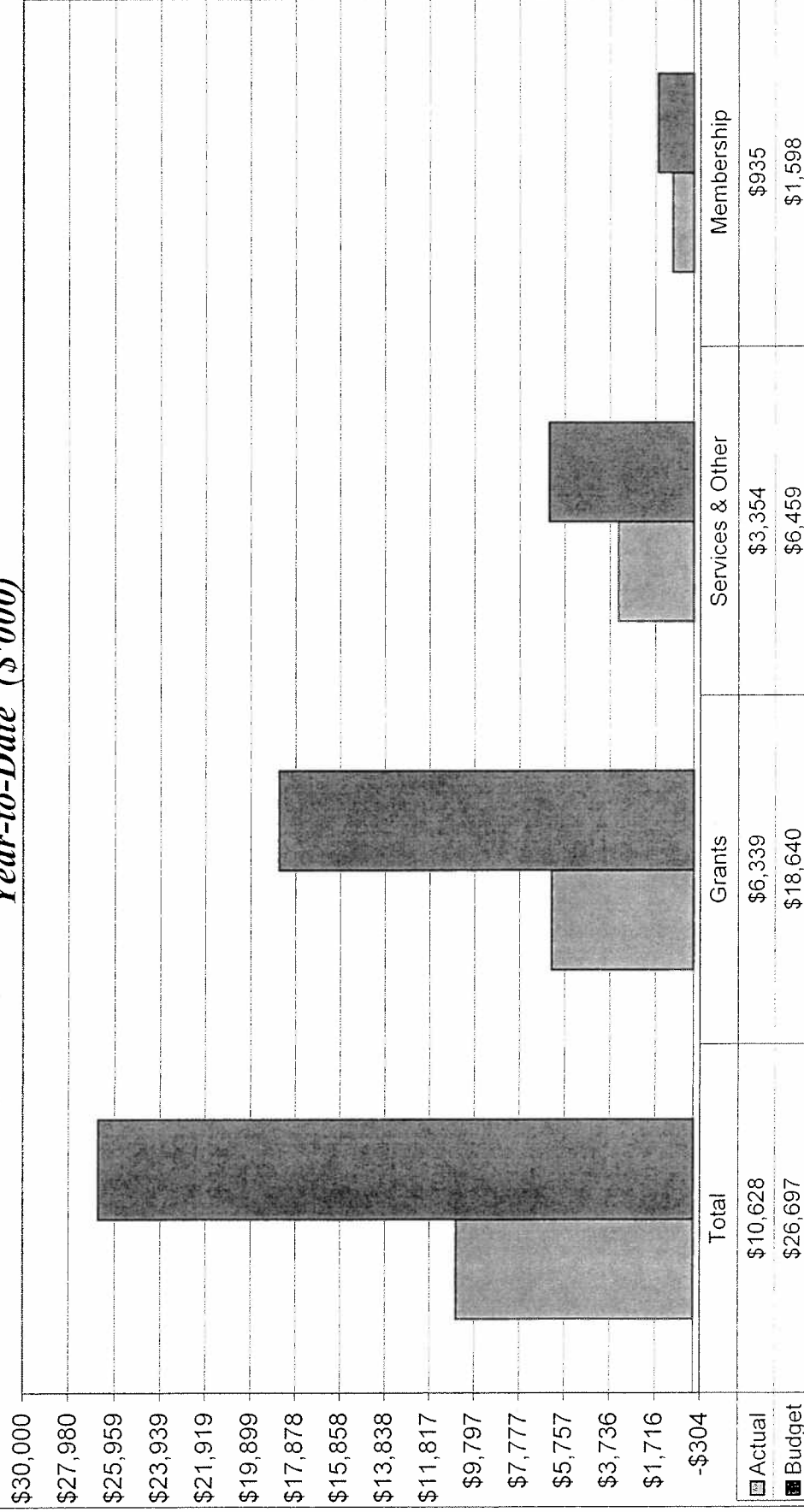
	FY 08-09 Revenue (Total \$10,628)	FY 07-08 Revenue (Total \$9,823)
<input type="checkbox"/> Membership	\$935	\$877
<input type="checkbox"/> Grants	\$6,339	\$5,380
<input type="checkbox"/> Services & Others	\$3,354	\$3,566

# **ABAG Financial Indices** *Actual vs Budgeted Expenses--FY 08-09* *Year-to-Date (\$'000)*





# **ABAG Financial Indices** *Actual vs Budgeted Revenues--FY 08-09* *Year-to-Date (\$'000)*



## **Description of Charts**

### Figure 1 -- Cash on Hand

Cash on hand represents the sum total of cash deposited at our bank and the Local Agency Investment Fund (LAIF). This chart shows fluctuation patterns of cash on hand for the current and last fiscal years.

### Figure 2 -- Accounts Receivable

Accounts receivable tracked by this chart include receivables generated by grants and service programs over two fiscal years. This chart reflects the reasonableness of our receivable levels. We usually have about six weeks' worth of our annual revenues in receivables.

### Figure 3 -- Current Month Revenues and Expenses

Presents month by month total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall current month net surplus (or deficit) for the agency.

### Figure 4 -- Year-to-date Revenues and Expenses

Presents year-to-date total revenues, total expenses, payroll and other expenses for the current fiscal year. The difference between total revenues and total expenses lines represents the overall year-to-date net surplus (or Deficit) for the agency.

### Figure 5 --Fund Equity

Presents general, restricted and total fund equities for the current fiscal year. General fund equity represents unrestricted equity. Restricted equities include building bond interest, building maintenance, self-insurance and capital. These restricted equities represent the agency's equities set aside for specific purposes as approved by the Finance and Personnel Committee. Total equity is the sum total of general and restricted equities.

### Figure 6 -- Indirect Cost Rate (% of Direct Labor Cost)

This chart shows a comparison between the actual indirect cost rate and the approved rate. The approved indirect cost rate is computed by dividing total estimated overhead expenses by total projected direct labor cost for a fiscal year. This rate is used as a standard overhead cost rate to allocate indirect costs to all projects. This process is performed in accordance with an indirect cost plan, which is prepared annually in accordance with OMB A-87.

#### Figure 7 – Composition of Expenses

This chart compares expenses for current and last fiscal years. It groups expenses into two broad categories -- payroll costs and other expenses.

#### Figure 8 -- Composition of Revenues

Presents a break down of total revenues into four main sources -- membership, grants, services and others. This chart compares revenue sources between current and last fiscal years.

#### Figure 9 -- Actual vs. Budgeted Expenses

Presents a comparison of actual and budgeted total expenses as well as component categories: payroll costs, consultants and other expenses.

#### Figure 10 -- Actual vs. Budgeted Revenues)

Presents a comparison of actual and budgeted total revenues as well as component categories: membership dues, grants, services and other.

